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SUBJECT: KIMBERLEY GAS SPLITS INDIGENOUS GROUPS

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THIS MESSAGE IS SENSITIVE BUT UNCLASSIFIED.

[1](#)1. (U) Summary: Indigenous communities in Western Australia's northeast Kimberley region stand to gain significant socio-economic benefits from an estimated A\$60 billion (US\$54 billion) worth of natural gas projects under consideration for the area. Regional Indigenous leaders told us they are actively negotiating commercial benefits from Woodside and other companies looking to build an on-shore liquefied natural gas (LNG) facility. They are also attempting to leverage improved social services from the federal government. Traditional owners remain deeply concerned about the impact of major gas projects on Indigenous culture and practices. These concerns are supported by international environmental groups, which have stepped up opposition to industrial development in this remote and pristine region. The issue of Indigenous agreement by itself is unlikely to prevent major gas projects from going ahead, but is an increasingly significant factor in shaping the region's future. End Summary.

Gas Projects Need Land, Marine Use

[1](#)2. (U) During a visit to the Kimberley September 28 - October 2, government and business representatives confirmed to the Consul General that Indigenous consent to use land and fishing grounds is a key issue for projects to proceed. Almost a third of the total LNG projects targeted for northern Australia are located off the Kimberley coast, worth an estimated A\$60 billion (US\$54 billion)(ref A). Key U.S. and OECD oil and gas companies, including Chevron, ExxonMobil, Apache, Shell, BHP Billiton, BP, Inpex, and Woodside, are actively exploring in the region, with projects at various stages of development.

Strong Culture and Land Rights

13. (SBU) While numerically small (some 17,000), Indigenous people make up half of the Kimberley population (compared to 4 percent state-wide, and 3 percent nationally), retaining strong traditional customs and spiritual ties to the land. Represented by the Kimberley Land Council (KLC), Indigenous communities have gained recognition of their traditional land ownership under Australia's Native Title legislation of 1992. This includes the port town of Broome (the only feasible industrial supply base for the region), and the James Price Point area on the coast, where Woodside and the Western Australian (WA) state government have proposed an on-shore LNG processing hub. (Note: Native Title determinations enable traditional owners to consent and negotiate over use of land, but do not confer legal title to the land. End Note.)

Split Views of Gas Projects

14. (SBU) The KLC in April 2009 signed an ambitious preliminary agreement with Woodside and the WA state government agreeing to land and marine access for the proposed on-shore LNG hub at James Price Point 60 kilometers north of Broome in exchange for education, training, and other commercial benefits. During our visit to the site in September, KLC leaders said they believe economic benefits from the gas developments should reach all Indigenous communities in the Kimberley, not just the local community that has Native Title recognition. Faced with

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opposition to the gas projects from some traditional owners over a mix of economic, environmental and spiritual issues, the KLC is seeking a profit-sharing arrangement to encourage buy-in from as many Kimberley communities as possible, according to senior WA government Indigenous affairs official Gary Hamley. The KLC hopes to leverage this agreement to pressure the federal government (which is reassessing its model of service delivery to Indigenous communities (Septel)) to provide a package of improved social services, like housing and education.

Deep Concern From Indigenous Communities

15. (SBU) Many Indigenous communities remain deeply concerned that the gas developments will have a negative impact on traditional culture. Several Indigenous elders commented on the "deep anxiety" among remote communities who feel pressured to consent in order to survive, but say they have little information, either from the KLC or other stakeholders, regarding the probable impact on their traditional way of life. KLC representatives have publicly stated they feel they are negotiating "with a gun to their heads," reflecting perceived pressure from business and government.

International Focus on Environment

16. (SBU) International environmental non-governmental organizations (ENGOS), including the World Wildlife Foundation and the Australian Wilderness Society, support Indigenous concerns and have stepped up their opposition to the gas developments. One Indigenous community has teamed up with music

celebrities like Missy Higgins to focus international attention on the "Save the Kimberley" campaign. Local government officials told us that about 20 percent of residents actively oppose the developments, with some fearing that on-shore LNG processing will lead to broader industrial development that could include exporting uranium from the region. A senior Chevron official from the Gorgon Gas project said corporate officials are watching ENGO activities in the Kimberley carefully because ENGOs have not yet focused attention on the massive Gorgon project, located further west(Ref B).

Comment: Gas Projects Likely, But When?

17. (SBU) There is growing acceptance in Australia that Indigenous communities should share in the economic growth associated with the exploitation of the nation's natural resources like gas. Business and government confirmed that Indigenous issues are among the top three obstacles to overcome in developing Kimberley gas projects (the other two are environmental issues and the remote location of the off-shore reserves). Indigenous concerns are more likely to prevent Kimberley gas projects from going forward than elsewhere in Australia, and have already influenced potential investors, such as Inpex (a major oil and gas company), to build an LNG processing plant in the Northern Territory instead of the Kimberley region, as was originally planned.

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